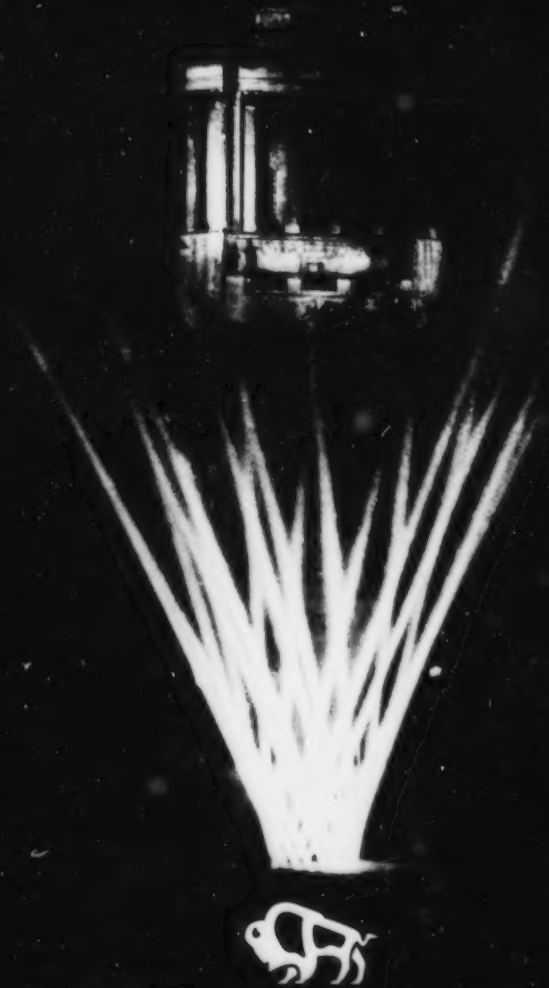


# 1999 ANNUAL REPORT



Manitoba Civil Service Superannuation Board



**For more information...**

You may make an appointment to view any of the following at the Civil Service Superannuation Board (the Board) office, Monday to Friday (except holidays) from 8:00 a.m. to 4:30 p.m.:

- a copy of The Civil Service Superannuation Act (the Act) and all amendments
- the annual information return submitted each year to the Pension Commission of Manitoba
- a copy of the latest Actuarial Valuation Report

Upon request, the Board will provide members, spouses or authorized representatives with detailed information and explanations regarding benefits payable in the event of a member's retirement, death, marriage separation, or termination of employment.

**Client services provided throughout Manitoba****Individual Consultations**

- private, personalized information service
- appointments should be made in advance to avoid delays

**Pre-Retirement Planning Seminars**

- one day sessions for employees planning to retire
- discussion includes benefits and lifestyle adjustment
- spouses are encouraged to attend

**Benefit Information Seminars**

- 2-3 hours duration
- focus on pension and group insurance

To arrange for any of the above services in your area please contact:

**Civil Service Superannuation Board**

1200-444 St. Mary Ave.

Winnipeg MB R3C 3T1

Telephone: (204) 957-8722

Fax: (204) 945-0237

Canada-Wide Toll-Free Number: 1-800-432-5134

World Wide Web page: [www.cssb.mb.ca](http://www.cssb.mb.ca)

E-mail: [askus@cssb.mb.ca](mailto:askus@cssb.mb.ca)



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# Letter to the Lieutenant Governor



**Minister Responsible for The Civil Service Superannuation Act**

Legislative Building, Winnipeg, Manitoba R3C 0V6 CANADA

March 23, 2000

To The Honourable Peter M. Liba  
Lieutenant Governor of Manitoba

May It Please Your Honour:

As Minister Responsible, I have the privilege of presenting for the information of Your Honour, the 61st Annual Report of the Manitoba Civil Service Superannuation Board for the calendar year ended December 31, 1999.

Respectfully submitted,



A handwritten signature in cursive script that reads "Becky Barrett".

HONOURABLE BECKY BARRETT

Minister of Labour,  
Minister Responsible for

The Civil Service Superannuation Act

# Letter to the Minister



**Manitoba**

**The Civil Service Superannuation Board**

1200-444 St. Mary Ave. Winnipeg, Manitoba R3C 3T1 CANADA

March 23, 2000

Honourable Becky Barrett  
Minister of Labour  
Minister Responsible for  
The Civil Service Superannuation Act  
Room 156 Legislative Building  
Winnipeg MB R3C 0V8

Madam:

In conformity with the provisions of The Civil Service Superannuation Act, I am pleased to forward to you, the Minister Responsible for The Civil Service Superannuation Act, the 61st Annual Report of the Manitoba Civil Service Superannuation Board.

This report covers the period January 1, 1999 to December 31, 1999 and includes a review of the Board's activities for that period as well as the Report of the Provincial Auditor and attached audited financial statements for that period.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Gary N. Coopland".

GARY N. COOPLAND, CHAIR  
Civil Service Superannuation Board

..... 3

# Board Members

Chair

**Gary N. Coopland**

Employee Representatives

**Wayne Andon**

Department of Highways  
Civil Service Representative

**Rod Bond**

Manitoba Hydro - Electric Board  
Manitoba Hydro Representative

**Ray Erb**

MGEU  
Civil Service Representative

**Shelley Walker**

Department of Finance  
Civil Service Representative

Employer Representatives

**Maurice Chaput**

Franco-Manitoban School Division

**Gail Leach**

Chartered Accountant

**Carmelee Peter**

Solicitor

**Dr. Les Ulliyot**

Medical Doctor

CSSB Management

**Robert H. Covernton**

General Manager

**Allen Borie**

Director, Finance

**Rob Derksen**

Director, Communications and  
Client Services

**Vaughan McLeod**

Director, Administration

**Robert Riddell**

Director,  
Management Information Systems

Chief Investment Officer

**Lindsey Fuller, C.F.A.**

Consulting Actuary

**Dennis Ellement, F.S.A., F.C.I.A.**



# Civil Service Superannuation Board

**T**HE BOARD has the fiduciary responsibility for the administration of the Plan and management of the investment funds in the best interest of all present and future Plan members, pensioners and beneficiaries. It is also responsible to:

- ensure that the staff fulfill the investment and administrative obligations set out in the Act and comply with the requirements of both the Pension Benefits Act of Manitoba and the Income Tax Act
- delegate the day-to-day management to the General Manager and his staff
- provide overall direction and approval of policy items

These duties are vested in nine members, four of which are elected by participating employees, and four members and a chairperson who are appointed by Government. The Board meets 10 to 12 times per year.

As the Plan Trustee, the Board is required to:

- manage the Civil Service Superannuation Fund (the Fund) in accordance with the rules of the Pension Plan, governing legislation, and common law in the interest of Plan members and their beneficiaries
- obtain an actuarial valuation every three years
- regularly review its investment policy
- conduct an independent audit each year
- prepare an Annual Report

5

## Organizational Structure

The day-to-day management of investment assets and delivery of pension and insurance benefits is accomplished by a dedicated and diverse team consisting of approximately 40 staff members.

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## **IMPORTANT NOTE CONCERNING THE FOLLOWING PAGES**

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TWICE IN ORDER TO OBTAIN THE BEST  
REPRODUCTIVE QUALITY**

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D'OBTENIR LA LECTURE DU TEXTE INTÉGRAL**



# 1999 Highlights

## Civil Service Superannuation Board Annual Report

<b>Highlights</b>	<b>1999</b>	<b>1998</b>
(\$) THOUSANDS		
<b>Market Value of Investments</b>	<b>\$1,965,239</b>	<b>\$1,839,504</b>
Investment Income	\$137,533	\$140,907
<b>Investment Rate of Return*</b>	<b>7.8%</b>	<b>8.5%</b>
Employee Contributions	\$49,308	\$48,096
<b>Employer Payments</b>	<b>\$65,911</b>	<b>\$62,712</b>
Pension Payments	\$118,724	\$113,721
<b>Refunds and Transfers</b>	<b>\$16,412</b>	<b>\$15,739</b>
Administrative Expenses	\$1,671	\$1,716
<b>Investment Expenses</b>	<b>\$2,398</b>	<b>\$1,980</b>
Employees and Former Employees	26,177	25,827
<b>Pensioners and Beneficiaries</b>	<b>10,697</b>	<b>10,266</b>
<b>Total Members</b>	<b>36,874</b>	<b>36,093</b>

\* Independently calculated by SEI Canada

# 1999 Highlights

Civil Service Superannuation Board Annual Report

Highlights	1999	1998
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# Actuarial Surplus

**T**HE ACTUARIAL REPORT on the Civil Service Superannuation Fund as at December 31, 1998 reported an actuarial surplus for basic benefits of \$292.1 million. The estimated going concern actuarial surplus reported in the 1999 Audited Financial Statements is \$313.6 million.

The Employee Liaison Committee (representing the members) and the Employer Advisory Committee (representing the employers) are having discussions concerning improved pension plan benefits.

A summary of the Actuarial Report as at December 31, 1998 follows on pages 32 to 35.

# Message from the Chair

Gary N. Coopland



8 • • • • •  
**I**N AN EFFORT to meet the expected year 2000 challenges, organizations around the world implemented the final stages of their computer systems upgrades and revisions during 1999. The Civil Service Superannuation Board's team had planned for the event over the last decade and tested their systems so that they would be ready for the turn of the century. January 1, 2000 was a non-event at the Board office as no computer systems problems occurred and on January 4th, it was business as usual. I commend Board staff for their commitment to attaining this positive result and in their endeavors to ensure the security of your pension assets.

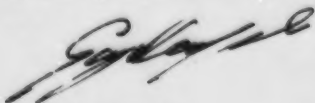
These pension assets, contributed by employees and employers, secure your pension benefit. Through diversification of assets, coupled with long-run investment returns and prudent management

of investment risk, pension promises are met. As a result, in 1999 the Fund had a substantial actuarial basic benefits surplus. Pension benefits are key to personal planning for our members. You need to know that your benefit is secure, is well served by professionals and is expressed to you in a timely and efficient manner when you plan to retire. By working together, Board staff can confront these issues from different perspectives. This makes the Board stronger and in the best position to be able to serve your retirement interests.

In order to ensure that the Fund's investment assets are strategically placed in areas that take advantage of today's capital markets and to ensure that pension objectives continue to be met, your Board directed its Investment Committee to undertake a study in 1999 to determine the most prudent asset mix. In determining the most appropriate distribution for Fund investments, the benefits structure, the demographics and the financial position of the Fund were examined. In recognition of these issues, your Fund's investments are diversified amongst many regions and countries around the world in order to reduce the short-term volatility of expected returns.

The Board has an ongoing commitment to foster a partnership with its membership in order to deliver the highest level of pension services. They have made a pledge to ensure that its members and pensioners are kept abreast of all matters of significance to them while attempting to meet more than just the legislated requirements for communications. Through written literature, counselling seminars, a semi-annual newsletter and on-line support through the upcoming Board Web Site to be launched in 2000, members and pensioners have access to information that will help them make well suited pension decisions.

As Chair, it is an honour to extend the sincere appreciation of the Board to the team that works so diligently at the Board office. Their ongoing promise to provide you with cost-effective and responsive pension services cannot be underestimated and this sets a standard to which many other pension plans aim.



GARY N. COOPLAND  
*Chair*



# General Manager's Message

Robert H. Covernton



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**A**S WE MOVE into the first months of the New Millennium, we recognize the outstanding commitment made by our staff in preparation for the advent of the year 2000.

Major challenges throughout the year included:

- installation of our new computer
- insurance surplus distributed to Plan members
- implementation of significant improvements to the Life and Dependents' Insurance programs for Plan members
- calculation and communication of Pension Adjustment Reversals (PARs) respecting The Federal Tax system
- 7 month review and investment custodial search

As a result of the Fund's significant actuarial surplus identified in May 1999, there has been much work and many discussions concerning the possibility of Plan improvements. Our role in this process is as an information provider (consultant) to both the Employee Liaison Committee and the Employer Advisory Committee.

This actuarial surplus was created mainly from the ability to well diversify Fund investments in areas that take advantage of capital markets around the world. At the same time, efforts are made to maintain the sound financial position of the Fund in order to be able to provide you with our pension promises. To ensure that the Board meets its fiduciary responsibility through prudent and successful management of pension assets, investment strategies must be reviewed on an ongoing basis. In 1999, the Investment Committee studied and defined an investment strategy that would continue to provide the best pension benefits to our membership while at the same time maintaining the financial soundness of the Fund. As a result, a new investment policy was implemented on April 1, 1999 that saw the redirection of Fund investments from predominantly

fixed income to a higher content of equity investments.

During 2000, we anticipate continued administrative demands concerning the implementation of possible improvements to the pension plan, possible issues surrounding the funding of employer obligations, as well as other issues related to Governance such as the structure, composition, and election of Board members. We will also be introducing our Web Site ([www.cssb.mb.ca](http://www.cssb.mb.ca)) during the year as a further opportunity for communication between the Board and the members it serves.

I thank the members of the Board and the administrative staff for their dedication and commitment during 1999. This partnership of direction and administration has enhanced the stability of the pension and insurance plans, helped insure their future growth, and contributed to our ability to meet the challenges of the New Millennium.

Ly C Chan

**ROBERT H. COVERNTON**  
*General Manager*

# Investment Committee

Members of the Investment Committee are appointed by the Lieutenant Governor in Council based on their investment expertise, legislative requirements or, in the case of the employee representative, elected by the employee representatives of the Board.

## Committee Members

**G. N. Coopland** – Chair, Investment Committee and CSSB  
(retired Vice-President Investments,  
The Great-West Life Assurance Company)\*\*

**R. E. Archer** – Executive Vice-President Investments and Trusts,  
Investors Group (past CSSB Chair)\*

**R. Bond** – Treasurer, Manitoba Hydro - Electric Board  
(employee representative)\*\*

**R. H. Covernton** – General Manager, CSSB\*\*

**C. E. Curtis** – Retired Deputy Minister of Finance, Province of Manitoba\*

**J. P. Gannon** – Deputy Minister of Finance, Province of Manitoba\*\*

\* appointed based on investment expertise

\*\* required by legislation

# Investment Report

## Policies and Goals

Investment decisions are based on the Fund's Statement of Investment Policies and Goals (SIP&G) which is established by the Fund's Board of Directors.

The SIP&G includes such parameters as asset mix, investment quality, holding limits, investment objectives, valuation procedures and the investment management structure. The single most important determinant of pension fund performance is asset mix.

Different risk elements relating to market volatility and potential returns are factored into an investment decision. Investments that produce lower returns generally are a result of lower risk or volatility. In order to optimize returns and reduce investment volatility, Fund assets are diversified among the various asset classes, including short-term investments, bonds and debentures, and equities, as well as across the world's economic regions.

In an effort to ensure that the pension needs of members continue to be met in today's capital markets, while at the same time maintaining the Fund's sound financial position, the Board directed that the investment policy be independently reviewed to re-evaluate the above parameters. As a result of this study, a new SIP&G was implemented on April 1, 1999. One of the main products of this new policy was the shift of Fund investments from a 60% fixed income and 40% equity asset mix to a 45% fixed income and 55% equity balance.

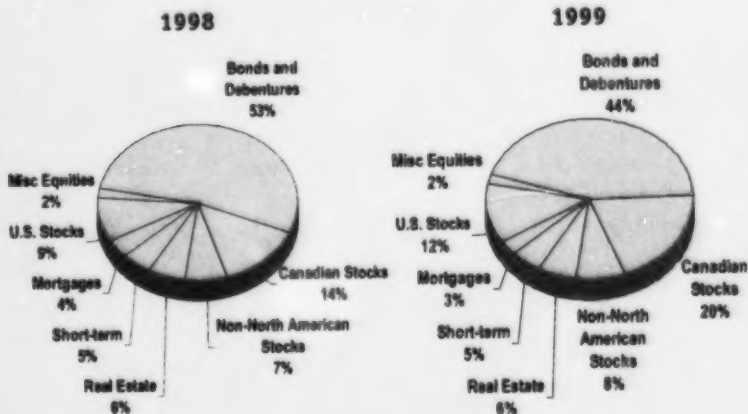
Investment  
Decisions  
Reflect  
Policies  
and Goals

## Governance

To ensure compliance with established guidelines, the asset mix of the Fund is constantly monitored by the Chief Investment Officer and reviewed monthly by the Fund's Investment Committee. At December 31, 1999, the Fund had the following asset mix as a percentage of the total investments at market value:

Investment  
Committee  
Ensures  
Policy  
Compliance

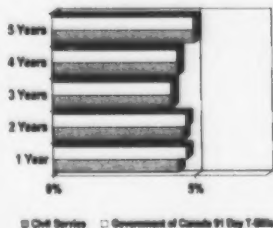
## Fund Investments



# Asset Classes & Their Performance

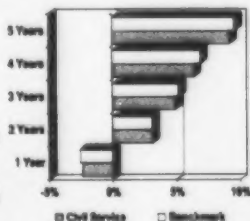
## Cash and Short-term

The cash and short-term component of the portfolio returned 4.4% in 1999.



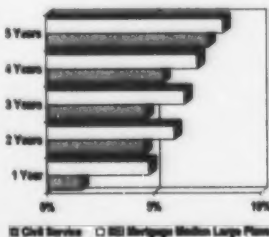
## Bonds and Debentures

The implementation of a new Statement of Investment Policies and Goals (SIP&G) subsequent to the first quarter of the year required the bond manager to adjust the duration of the bond portfolio. Bonds outperformed their benchmark of -2.7% by providing a rate of return of -2.4%. In addition to the Scotia Capital Markets Universe Bond Index, the Scotia Capital Markets Long-Term Bond Index now forms one third of the fixed income benchmark. Long-term bonds significantly underperformed shorter and mid-term bonds throughout the year as interest rates rose sharply.



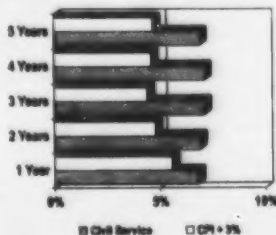
## Mortgages

The mortgage portfolio has been in the process of winding down for a number of years. Its 1.6% return during 1999 reflects rising interest rates over the year.



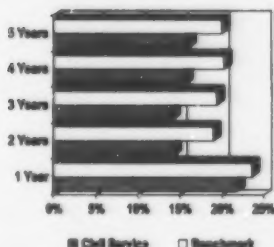
## Real Return

As a result of the new SIP&G, real return investments were designated as a vehicle to fund the Cost-of-Living Account for future benefits. The investments held in this part of the portfolio yielded 6.8% in 1999 versus its benchmark of 5.6% for the same period.



## Total Equity

The indexes that are used to measure the performance of the Fund's stock portfolio are Canada's Toronto Stock Exchange 300 Index (TSE 300), the U.S. Standard & Poor's 500 Index (S&P 500) and The Morgan Stanley Capital International Index for Europe, Australia and Far East (MSCI EAFE). Based upon the implementation of the new SIP&G, an assumed equity mix of 24% Canadian, 16% U.S. and 9% EAFE countries for total Fund assets is considered normal. As a percentage of total equity investments, this translates into 49% Canadian, 33% U.S. and 18% EAFE countries. This is referred to as the benchmark for total equities.

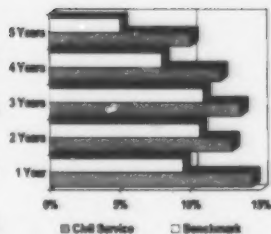


Equity markets around the globe experienced an exceptional year in 1999 evidenced by the Canadian stock market returning 31.7%, EAFE countries 20.0%, followed by the U.S. at 13.9%, all in Canadian dollars. Technology stocks in all markets led the way in providing for these substantial returns. In Canada, however, the equity market returns were somewhat deceiving. Two technology stocks held in the TSE 300, accounting for approximately 25% of the index weight at year-end, provided approximately 75% of the return generated. In light of this fact it was difficult for many equity managers to meet or beat these indexes when they were limited by legislation or policy to holding not more than 10% of any one stock. Furthermore, your Fund maintained a more defensive strategy in the equity market and remained slightly underweight in its holdings during the year. As a result, your Fund earned 21.8% on its equity investments in 1999 versus a benchmark return of 23.6%.

The Fund successfully acquired a major oil and gas producing property during the year at substantially lower prices than prevailed at year-end. This addition to the existing portfolio of properties should provide strong cash flow for many years.

## Real Estate

For a fifth straight year the real estate market was on an upward climb. Acquisition activity, gains on the disposal of property and market appraisals each contributed to a 14.4% return on the real estate portfolio. The benchmark 9.5% return was the result of a combination of the Russell Canadian Property Index and the former SEI Real Estate median benchmark.





# Entering A New Century

**T**HE INVESTMENT INDUSTRY is ever changing. As the Fund enters into a new century, it continues to meet the demands of transition.

## **Investment Custodian**

Towards the end of 1999, and after several months of rigorous research, the Board hired a new investment custodian, State Street Trust Company Canada. Investment custodians are the intermediaries that ensure proper settlement of investment transactions. One of the benefits of this partnership with State Street is that Board staff, via the Internet, can now access investment holdings and transactions. The opportunity for staff to perform analytical research on Fund investments in a more efficient and timely manner now exists while taking advantage of the World Wide Web. The Board looks forward to the commitment of State Street to provide superior custodial service.

## **New In-house Expertise**

On October 4, 1999, in-house expertise was further enhanced with the addition of a new U.S. equity manager. Working from the Board office, Mr. Peter Josephson will manage a U.S. equity portfolio that will have an S&P 500 benchmark. We welcome Peter and his twenty years of experience to our team.

## **Electronic Transmission of Performance Information**

Efforts are currently underway in 2000 to implement the procedures required to result in the rapid and secure transmission of investment performance information to our independent pension fund evaluation service, SEI Canada. Investment holdings and the timing of transactions, along with pension contributions and withdrawals, all form essential components to Fund returns. This Plan, approaching two billion dollars, has large volumes of activity and the use of electronic transfers can provide information more efficiently.

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# Investing For Growth and Stability

## Fund Investments

	1999	1998
( \$ ) THOUSANDS		
<b>Contractual Investments</b>		
Cash and Short-Term	\$103,162	\$103,520
Bonds and Debentures		
Canadian/Federal/Provincial	612,352	756,662
Corporate	208,774	203,266
Asset-backed	31,880	—
Mortgages		
NHA	40,820	43,158
Conventional	14,882	21,773
Pooled	1,250	1,139
<b>Equity Investments</b>		
Canadian Stocks	386,857	266,104
U.S. Stocks	236,398	160,867
Non-North American Stocks	159,864	125,633
Miscellaneous Equities	44,111	35,870
Real Estate	124,889	121,512
<b>Total Investments</b>	<b>\$1,965,239</b>	<b>\$1,839,504</b>



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# Investment Strategy Overview

## Contractual Investments

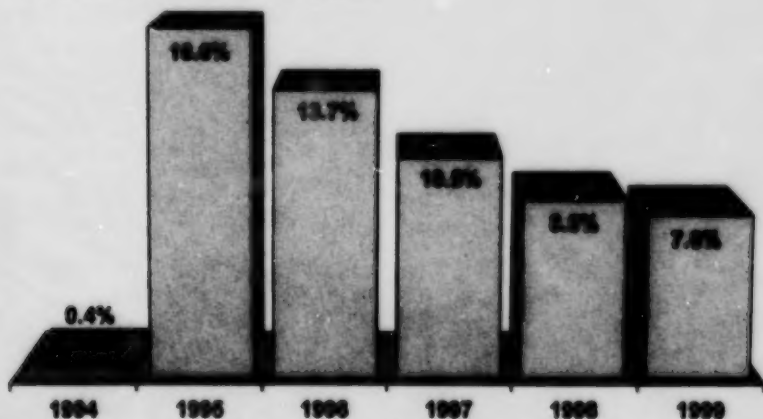
- restructured the portfolio to reflect the new investment policy. The size was reduced and the term to maturity lengthened

## Equity Investments

- raised the weighting of equities but only to the lower end of the new ranges as it was felt most stocks were becoming overvalued
- continued to be overweighted in Asia, which outperformed other areas of the world
- added a major oil and gas acquisition to the portfolio at a very favourable price

High technology companies dominated stock returns world-wide. The effect of these companies on the widely watched indexes did what was generally a bear market for stocks. Approximately 70% of the stocks traded on the New York Stock Exchange were down significantly during the year. While we anticipated this, we did not correctly anticipate the run up in what we considered already overvalued technology stocks. This positioning resulted in lower returns than could have been possible. In our judgement, the potential downside risk did not justify chasing these stocks.

## Annual Rate of Return



In 1999, there was a continued trend towards the concentration of stock market returns in just a few stocks. In Canada, Nortel, directly and indirectly through BCE, represents approximately 25% of the TSE 300 Index and was responsible for approximately 75% of that index's return for the year. This one company now has an inordinate influence on the TSE 300 Index. As the investment policy only allows a maximum 10% holding in any one company for diversification reasons, it is very difficult to match the TSE 300 when it is rising because of Nortel.

The S&P 500, driven largely by increased weighting in technology stocks, delivered a 13.9% return in Canadian dollars compared to the Fund's return of 20.5%. For the fifth year in a row, the U.S. stock market saw unprecedented returns. Asian equity markets continued the strong recovery begun in mid-1998, but European markets were disappointing. The rise in longer-term interest rates pushed down the market value of bonds more than the coupon earned, resulting in negative returns for the year.

Real estate assets generally performed well as would be expected in a period of economic growth.

Y2K came and went with little effect on the real economy. Due to uncertainties as to what might happen, central banks around the world engineered a substantial increase in the money supply to help alleviate any potential problems. This increase in money supply was a major factor in the run up of stock prices during the fourth quarter.

During 2000, we continue to expect a meaningful correction in world stock markets and continue to have a defensive stance. We are maintaining some cash reserves and remain underexposed to the technology sectors that have appreciated so strongly. A major concern is the amount that private investors have borrowed to invest in stock markets during the past year.

# Your Pension Plan

**Y**OUR PLAN is a "defined benefit" plan which means that your pension is based on a formula that provides pension, disability, death and termination benefits for all eligible members. The formula is based on your years of service and average salary. Being a defined benefit plan means that a fixed percentage of salary is contributed yearly by participating members. For these contributions, pension benefits are earned. While some employers presently match employee contributions, others are obligated to fund their share of benefits paid in the future.

Investment returns are not directly related to the amount of pension a member will receive. Good investment returns are necessary to secure the Fund's ability to continue to meet its current and future obligations to pay benefits, and are the major contributor to surplus. Historically, this allowed for benefit improvements.

The Plan generally allows for retirement after age 55 assuming the member has at least ten years of qualifying service. Unless the person is age 60 or older, or has achieved the Rule of 80 (age plus service), there is a reduction for early retirement. Members who reach age 65 may receive a pension providing they have at least one year of service.

Full-time employees are generally required to join the Plan. Seasonal and part-time employees are required to join after meeting an earnings test (when they have earned 25% of the Yearly Maximum Pensionable Earnings (YMPE) under the Canada Pension Plan in each of two successive calendar years).



## Member Services

The Board offers the following services to members and their families, financial planners, solicitors, etc.

## 1. Individual Meetings

Members can meet with Board staff in Winnipeg and rural areas to discuss pension and insurance benefits. Laptop computers allow for services similar to those provided at the Board office in Winnipeg to be offered in rural areas like Brandon and Dauphin. Members are encouraged to bring anyone they wish to these meetings, like a spouse or financial planner.

## 2. Pre-Retirement Planning Seminars

The pre-retirement planning seminar program is a one-day session designed for employees who are beginning to plan for retirement. They are presented in major centres throughout Manitoba for groups of 15 to 50 people, and we encourage married members to bring their spouses. The focus of these seminars is on pension and insurance benefits offered through the Board, although the presentation and course materials also include information on Federal benefits, estate planning, use of leisure time, and health considerations.

### 3. Employee Pension and Insurance Seminars

The employee information seminars focus on pension and insurance benefits on such subjects as eligibility, entitlement to benefits, family protection, disability, death, marriage separation, etc. They are presented to groups of 15 to 250 employees of the government and its related boards, commissions, and agencies, and last for two to three hours.

#### 4. Personal and General Enquiries

**Board staff are available to answer questions by way of phone and written communication.**

Highly qualified staff are available to meet your information needs with respect to enrollment, retirement, disability, termination and pension projections for estate and retirement planning.

We ask that you have your employee number ready when calling the office and that you make an appointment prior to visiting to assist us in serving you better.

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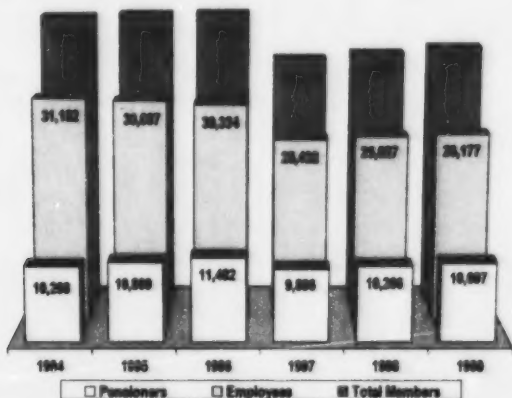
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# Members/Retirements

## During 1999:

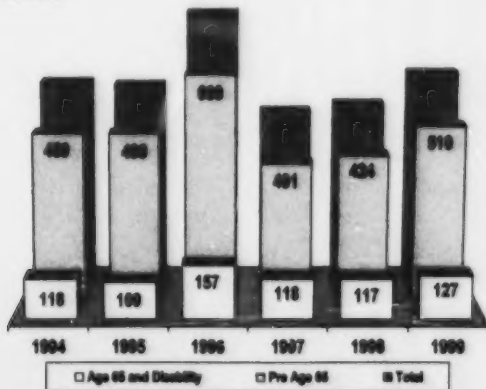
- total members increased by 781 to 36,874
- employees/former employees participating in the Fund increased by 350 to 26,177
- pensioners/beneficiaries increased by 431 to 10,697

## Total Members



- retirements increased from 541 to 637; Manitoba Hydro had the only incentive program in 1999

## Retirements



# Employees/Former Employees

The number of employees/former employees in the Plan, increased by 350 in 1999. The distribution of employees by employer as at December 31, 1999 was as follows:

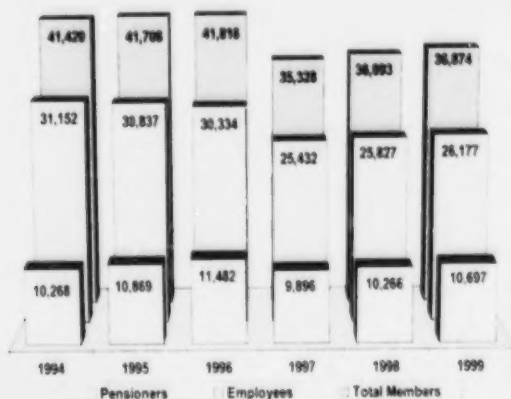
	Males	Females	Total
<b>Non Matching Employers</b>			
Province of Manitoba Civil Service	6,815	6,647	13,462
Manitoba Hydro-Electric Board	3,329	872	4,201
Liquor Control Commission	279	212	491
Manitoba Public Insurance Corporation	605	620	1,225
Addictions Foundation of Manitoba	79	149	228
Civil Service Superannuation Board	15	20	35
Communities Economic Development Fund	9	6	15
Community Colleges			
Assiniboine Community College	99	132	231
Keewatin Community College	87	117	204
Red River College	442	401	843
Manitoba Agricultural Credit Corporation	30	32	62
Manitoba Centennial Centre Corporation	43	20	63
Manitoba Horse Racing Commission	6	2	8
Regional Health Authorities			
Brandon	78	249	327
Burntwood	4	37	41
Central	33	127	160
Interlake	12	109	121
Marquette	10	54	64
Norman	2	46	48
North Eastman	6	34	40
Parkland	24	102	126
South Eastman	4	35	39
South Westman	10	61	71
Winnipeg	35	326	361
Teachers' Retirement Allowances Fund Board	7	17	24
The Council for Post-Secondary Education	5	10	15
The Legal Aid Services Society of Manitoba	40	89	129
<b>Total Non Matching</b>	<b>12,108</b>	<b>10,526</b>	<b>22,634</b>
<b>Matching Employers</b>			
Crown Corporations Council	2	3	5
Economic Innovation and Technology Council	2	4	6
Gaming Control Commission	10	5	15
Industrial Technology Centre	22	8	30
Manitoba Arts Council	—	5	5
Manitoba Chicken Producer Board	1	2	3
Manitoba Crop Insurance Corporation	139	73	212
Manitoba Government Employees' Union	25	21	46
Manitoba Hazardous Waste Management Corporation	1	—	1
Manitoba Housing Authority	157	114	271
Manitoba Lotteries Corporation	31	23	54
Manitoba Milk Producers	8	12	20
Manitoba Pork Council	13	11	24
Manitoba Turkey Producers' Marketing Board	—	2	2
National Agri-food Technology Centre	7	15	22
<b>Total Matching</b>	<b>418</b>	<b>290</b>	<b>716</b>
<b>Other</b>			
Deferred Pension Accounts	1,173	1,233	2,406
L.T.D. Recipients	60	89	149
Manitoba Reciprocal Agreements	155	101	256
Pending Reciprocal Agreements	4	12	16
<b>Total Other</b>	<b>1,392</b>	<b>1,435</b>	<b>2,827</b>
<b>TOTAL</b>	<b>13,918</b>	<b>12,259</b>	<b>26,177</b>

# Members/Retirements

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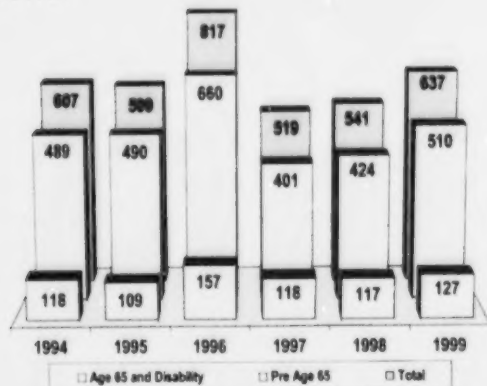
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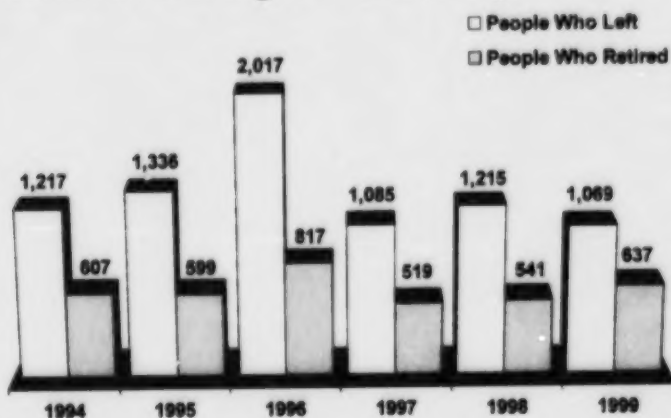
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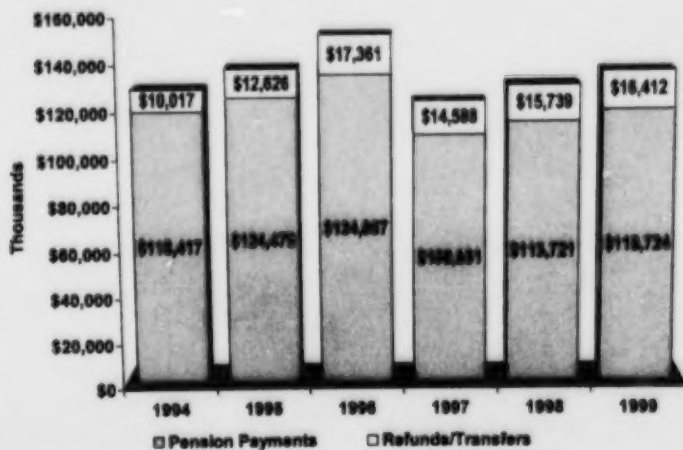
# Paying Your Benefits

- 10,697 pensioners/beneficiaries were receiving pension benefits at the end of 1999
- \$118.7 million was paid in pensions during 1999

## Members No Longer Contributing



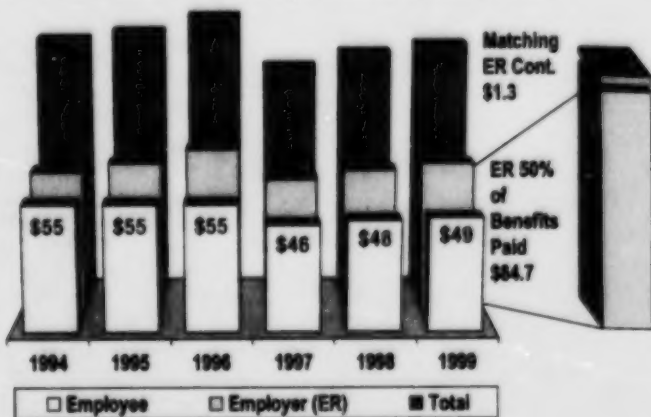
## Payments From The Fund



# Employee Contributions/ Employer Payments

- employees contributed \$49.3 million to the Fund compared to \$48.1 million in 1998
- employers paid \$65.9 million to the Fund compared to \$62.7 million in 1998
- 89.8% of your contributions fund basic pension and beneficiary benefits
- 10.2% of your contributions are allocated for cost-of-living benefits

## Contributions and Payments (millions)



You and your employer share in the cost of the Plan. Each year you contribute the following:

- 5.1% up to Canada Pension Plan maximum earnings (\$37,400 in 1999)
- 7% on earnings in excess of that amount

Your employer either pays half of any future benefit or matches your contribution. Please refer to the "Funding of Pension Benefits" on page 29 for additional information.

Employer payments include:

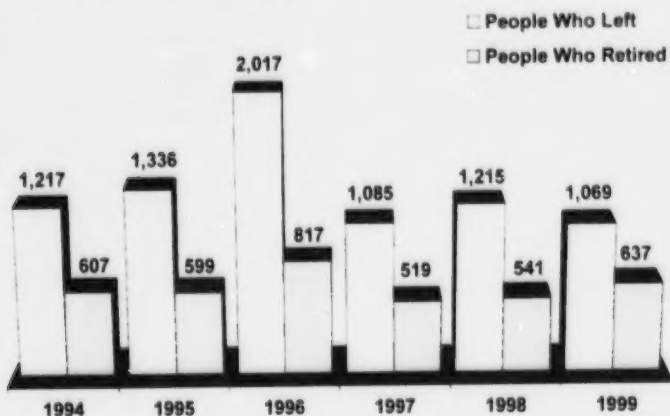
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- payments made by matching employers



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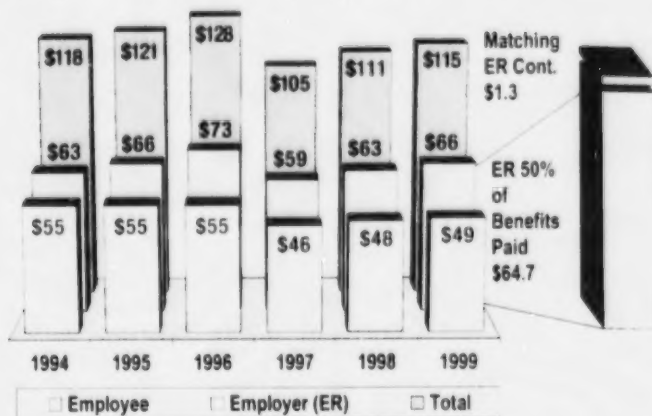
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# Cost-of-Living Allowance

- 10.2% of employee contributions and matching employer payments go to a separate indexing account to fund cost-of-living increases (COLA)
- the account funds half the COLA increase while employers pay for the other half
- pensioners and beneficiaries receive an annual increase to a maximum of 2/3 of the increase in the Canadian Consumer Price Index (CPI)
- the COLA paid July 1, 1999 was .7%

## **COLA Concerns**

When inflation is low (about 1%), the indexing account is able to pay for COLA increases. Should inflation reach moderate levels, e.g. 4%, a funding deficiency could result and the payment of 2/3 of the CPI may not be possible. Improvements are needed to the COLA program to ensure these increases in the future.



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The net assets available to finance pension benefits, the obligations for pension benefits, and any surplus in the Basic Benefits Account and the funds available to finance future cost-of-living adjustments as at December 31, 1999 are summarized below for the basic pension benefits and indexing benefits.

(\$) THOUSANDS	Fund	Non Matching Employers	Obligations Total
<b>1. Net Assets Available</b> (Net of Actuarial Reserves)			
Basic Benefits Account	\$1,715,473	See Note Below	
Indexing Benefits Account	108,788		
<b>Total</b>	<b>\$1,824,261</b>		
<b>2. Actuarial Obligations for Pension Benefits</b>			
Basic Benefits Account (including future benefits)	\$1,401,904	\$1,317,649	\$2,719,553
Indexing Benefits Account	73,031	70,869	143,700
<b>Total</b>	<b>\$1,474,935</b>	<b>\$1,388,518</b>	<b>\$2,863,253</b>
<b>3. Surplus/Funds Available</b>			
Basic Benefits Account			
• Surplus	\$313,569	See Note Below	
Indexing Benefits Account			
• Funds Available to Finance Future Adjustments	35,757		
<b>Total</b>	<b>\$349,326</b>		

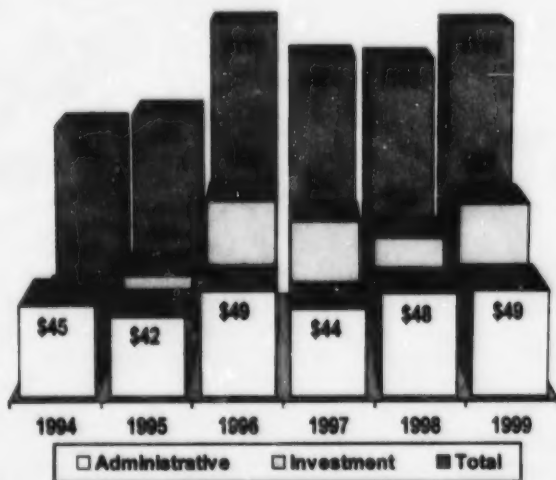
Please refer to Notes 4 and 5 of the Audited Financial Statements starting on page 46 for additional information.

Note: The non matching employers' portion of the pension liability is unfunded for most employers. Please refer to Schedule 2 of the Audited Financial Statements on page 55 for additional information.

## Administration and Investment Cost

**T**HE BOARD'S annual administration and investment cost per member continues to be one of the lowest for complex defined benefit plans. The total annual cost per member for 1999 was \$114 consisting of \$49 for administration and \$65 for investment related expenses.

### Annual Cost Per Member



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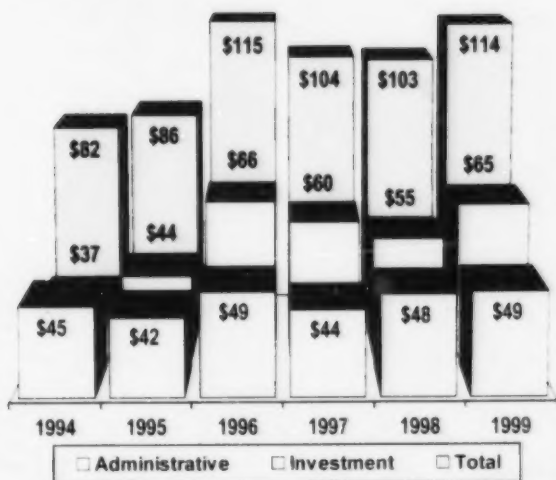
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### Annual Cost Per Member



# Summary of the Actuarial Valuation Report

*As at December 31, 1998*

**T**HE ACT requires an Actuarial Valuation Report on the financial position of the Fund to be made at least once every three years.

The latest of these reports was prepared as at December 31, 1998 by Dennis Ellement, F.S.A., F.C.I.A. and Louis Ellement, F.S.A., F.C.I.A. of Ellement & Ellement Ltd., Actuaries for the Fund.

The purpose of the valuation is to:

- determine the financial position of the Fund as at the valuation date;
- determine the adequacy of the contributions being paid in relation to the portion of the benefits financed by the Fund; and
- provide recommendations as to the future course of action based on the financial position revealed.

The valuation results are based on:

- the financial and membership data;
- the benefits financed by the Fund; and
- the actuarial assumptions and methods used in the Report.

During the three years under review (1996, 1997, and 1998), the financial position of the basic part of the Fund has been affected by changes in financial and membership data (actual experience) and changes in expected future experience (actuarial assumptions). No significant changes were made to the Act during the period under review.

The Valuation Balance Sheet discloses that the Fund had a going concern surplus of \$292,126,000 as at December 31, 1998. In the 1995 Actuarial Valuation Report, a going concern surplus of \$70,178,000 was disclosed.

A number of factors contributed to the improvement in the financial position of the Fund during the three years under review:

- more favourable than expected investment experience caused a gain of \$232,418,000;
- smaller than expected salary increase experience caused a gain of \$61,595,000; and
- changes in net future service experience under the entry age total service actuarial cost method caused a gain of \$22,486,000.

In addition, changes were made to the actuarial assumptions, reflecting



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# Civil Service Superannuation Fund

## Valuation Balance Sheet

As at December 31, 1998

(\$) THOUSANDS	1998	1995
<b>ASSETS</b>		
Fixed Income Investments (market value)	\$1,129,518	\$1,030,818
Equity Investments (market value)	709,986	737,207
Capital Assets	114	453
Cash	—	59
Debt due from the Province of Manitoba	1,826	1,826
Accounts Receivable	17,649	15,385
Manitoba Telecom Services Inc. in trust	(941)	—
Correctional Officers' Trust Account	(619)	—
Accounts Payable	(719)	(762)
Employer Trust Accounts	(20,097)	(14,714)
Money Purchase Accounts Plan	(6,388)	(5,554)
Provision for Fund's Employees' Pension Benefits	(2,286)	(1,827)
<b>Net Assets Available for Benefits</b>	<b>1,828,043</b>	<b>1,762,891</b>
Indexing Benefits Account	(124,614)	(137,395)
<b>Net Assets Available for Basic Benefits</b>	<b>\$1,703,429</b>	<b>\$1,625,496</b>

(\$) THOUSANDS

1998

1995

# LIABILITIES

Value of Fund's liabilities for service accrued to date:

(a) Active Members - retirement pensions	\$571,802	\$632,748
- deferred pensions	101,924	129,550
- beneficiary's pensions	25,306	28,157
- cash settlements on death	3,256	3,274
- cash settlements on termination	445	449
- refunds due to the 50% test	14,993	20,230

717,726 814,408

(b) Other Members - deferred annuities (DA's)	39,481	42,360
- Manitoba reciprocal transfers (RM's)	7,206	8,224
- reciprocal agreement transfers (RA's)	543	626

(c) Pensions in Payment		
- pensioners	428,771	455,519
- beneficiaries	39,751	37,963

Service to Date Liabilities 1,233,478 1,359,100

Value of Fund's liabilities net of contributions for benefits expected to be accrued for service on or after the valuation date:

- retirement pensions	403,316	528,104
- deferred pensions	59,600	83,790
- beneficiary's pensions	16,862	22,339
- cash settlements on death	2,813	3,654
- cash settlements on termination	527	421
- refunds due to the 50% test	9,370	11,303
- employee contributions	(408,491)	(544,944)
- employer matching contributions	(12,052)	(9,259)

Future Service Liabilities 71,945 95,408

Total Service Liabilities 1,305,423 1,454,508

Reserves - contingency	—	16,255
- future administrative costs	7,369	9,831
- asset write-down	98,511	74,724

Basic Liabilities \$1,411,303 \$1,598,818

Going Concern Basic Surplus \$292,126 \$70,189

# Civil Service Superannuation Fund Valuation Balance Sheet

As at December 31, 1998

(\$) THOUSANDS

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- contingency	—	16,255
- future administrative costs	7,369	9,831
- asset write-down	98,511	74,724

**Basic Liabilities**

**\$1,411,303**      **\$1,555,318**

**Going Concern Basic Surplus**

**\$292,126**      **\$70,178**





# Six-Year Comparative Statistics for The Civil Service Superannuation Fund

Highlights	1994	1995	1996	1997	1998	1999
(\$) THOUSANDS						
Market Value of Investments	\$1,532,572	\$1,770,482	\$1,980,863	\$1,708,396	\$1,839,504	\$1,965,239
Investment Rate of Return	4%	16.6%	13.7%	10.5%	8.5%	7.8%
Employee Contributions	\$55,276	\$55,204	\$54,597	\$45,670	\$48,096	\$49,308
Employer Payments	62,610	66,288	72,515	59,250	62,712	65,911
Total Contributions/Payments	\$117,886	\$121,492	\$127,112	\$104,920	\$110,808	\$115,219
Pension Payments	\$118,417	\$124,479	\$134,067	\$108,031	\$113,721	\$118,724
Refunds and Transfers	\$10,017	\$12,626	\$17,361	\$14,588	\$15,739	\$16,412
Administrative Expenses	\$1,880	\$1,731	\$2,054	\$1,565	\$1,716	\$1,671
Investment Expenses	\$1,520	\$1,845	\$2,777	\$2,117	\$1,980	\$2,398
Employees and Former Employees	31,152	30,837	30,334	25,432	25,827	26,177
Pensioners and Beneficiaries	10,268	10,869	11,482	9,896	10,266	10,697
Total Members	41,420	41,706	41,816	35,328	36,093	36,874
Refunded/Transferred Members	1,217	1,336	2,017	1,085	1,215	1,069
Retirements	607	599	817	519	541	637

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Highlights	1994	1995	1996	1997	1998	1999
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Total Contributions/Payments	\$117,886	\$121,492	\$127,112	\$104,920	\$110,808	\$115,219
Pension Payments	\$118,447	\$124,479	\$134,067	\$108,031	\$113,721	\$118,724
Refunds and Transfers	\$10,017	\$12,626	\$17,361	\$14,588	\$15,739	\$16,412
Administrative Expenses	\$1,880	\$1,731	\$2,054	\$1,565	\$1,716	\$1,671
Investment Expenses	\$1,520	\$1,845	\$2,777	\$2,117	\$1,980	\$2,396
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Retirements	607	599	817	519	541	637

## Management Report

**T**HE accompanying financial statements are the responsibility of management and have been prepared in accordance with the accounting policies stated in the notes to the financial statements. Management maintains internal controls to provide reasonable assurance of the reliability and accuracy of the financial information and to safeguard the assets of the Fund. In management's opinion, the financial statements have been properly prepared within reasonable limits of materiality, incorporating management's best judgement regarding all necessary estimates and all other data available up to February 25, 2000.

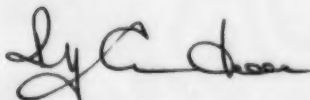
The firm of Ellement and Ellement has been appointed the consulting actuary for the Fund. The role of the actuary is to complete the triennial actuarial valuations of the Fund in accordance with actuarial practice and estimate the obligations for benefits for inclusion in the financial statements.

The Provincial Auditor performs an independent audit of the financial statements in accordance with generally accepted auditing standards. The resulting opinion is set out in the Auditors' Report attached to the financial statements.

Ultimate responsibility for the financial statements rests with the Board of Directors. The Board, as Audit Committee, established a Financial Statement Review Committee to meet with Board staff and representatives of the Provincial Auditor. It is the responsibility of the Financial Statement Review Committee to review the financial statements, ensure that each group has properly discharged its respective responsibilities and make a recommendation to the Board regarding approval of the financial statements. The auditors have full and unrestricted access to the Board, as Audit Committee, and to the Financial Statement Review Committee.

The Board has reviewed and approved these financial statements.

On behalf of Management



ROBERT H. COVERNTON,  
General Manager



ALLEN BORLE,  
Director, Finance

Report of the Office of the Provincial Auditor  
ON THE CIVIL SERVICE SUPERANNUATION FUND



Office of the Provincial Auditor

500 - 330 Portage Avenue, Winnipeg, Manitoba R3C 0C4 CANADA

**Auditors' Report**

To the Legislative Assembly of Manitoba and  
To the Members of the Civil Service Superannuation Plan

We have audited the statement of net assets available for benefits of The Civil Service Superannuation Fund as at December 31, 1999 and the statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the net assets available for benefits of The Civil Service Superannuation Fund as at December 31, 1999 and the changes in net assets available for benefits for the year then ended in accordance with generally accepted accounting principles.

WINNIPEG, MANITOBA  
FEBRUARY 25, 2000

DAVID PETRIE, CA  
for the Provincial Auditor

## Statement of Net Assets Available for Benefits

AS AT DECEMBER 31, 1999

(\$) THOUSANDS	1999	1998
<b>ASSETS</b>		
Investments, Schedule 1, Note 2(b)	\$1,965,239	\$1,839,504
Capital assets	109	114
Debt due from the Province of Manitoba, Note 7	1,826	1,826
Receivables	475	1,140
Accrued dividends and interest	12,859	16,509
<b>Total assets</b>	<b>1,980,508</b>	<b>1,859,093</b>
<b>LIABILITIES</b>		
Accounts payable	854	719
Manitoba Telecom Services Inc. in trust, Note 14	825	941
Correctional officers' trust account, Note 8	910	619
Employer trust accounts, Note 9	23,978	20,097
Money Purchase Accounts Plan, Note 10	6,656	6,388
Provision for pension benefits for Fund employees, Note 2(d)	2,418	2,286
<b>Total liabilities</b>	<b>35,641</b>	<b>31,050</b>
<b>Net assets available for benefits, Exhibit B</b>	<b>\$1,944,867</b>	<b>\$1,828,043</b>



## Statement of Net Assets Available for Benefits

AS AT DECEMBER 31, 1999

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# Statement of Changes in Net Assets Available for Benefits

FOR THE YEAR ENDED DECEMBER 31, 1999

(\$) THOUSANDS

	1999			1998
	Basic Benefits	Indexing Benefits	Total	Total
<b>Increase in assets</b>				
Contributions, Schedule 2, Note 1(b)				
Employees'	\$44,489	\$4,819	\$49,308	\$48,096
Employers'	65,726	185	65,911	62,712
<b>Total contributions</b>	<b>110,215</b>	<b>5,004</b>	<b>115,219</b>	<b>110,808</b>
Net investment income, Schedule 3	127,999	9,534	137,533	140,907
Employer liability funding, Note 13	—	—	—	11,453
Other	167	—	167	117
<b>Total increase in assets</b>	<b>238,381</b>	<b>14,538</b>	<b>252,919</b>	<b>263,285</b>
<b>Decrease in assets</b>				
Pensions paid	110,455	8,269	118,724	113,721
Refunds and transfers	16,412	—	16,412	15,739
Administrative expenses, net, Note 11	879	—	879	902
Transfer to employer trust accounts	80	—	80	84
<b>Total decrease in assets</b>	<b>127,826</b>	<b>8,269</b>	<b>136,095</b>	<b>130,446</b>
<b>Increase in net assets</b>	<b>110,555</b>	<b>6,269</b>	<b>116,824</b>	<b>132,839</b>
Net assets available for benefits at beginning of year	1,703,429	124,614	1,828,043	1,695,204
<b>Increase in net assets</b>	<b>110,555</b>	<b>6,269</b>	<b>116,824</b>	<b>132,839</b>
<b>Net assets available for benefits at end of year, Exhibit A</b>	<b>\$1,813,984</b>	<b>\$130,883</b>	<b>\$1,944,867</b>	<b>\$1,828,043</b>

# Statement of Changes in Net Assets Available for Benefits

FOR THE YEAR ENDED DECEMBER 31, 1999

(\$ ) THOUSANDS	1999			1998
	Basic Benefits	Indexing Benefits	Total	Total
<b>Increase in assets</b>				
Contributions, Schedule 2, Note 1(b)				
Employees'	\$44,489	\$4,819	\$49,308	\$48,096
Employers'	65,726	185	65,911	62,712
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<b>Net assets available for benefits at end of year, Exhibit A</b>	<b>\$1,813,984</b>	<b>\$130,883</b>	<b>\$1,944,867</b>	<b>\$1,624,643</b>

## Notes to the Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 1999

### 1. Description of Plan

The following description of the Civil Service Superannuation Plan (the Plan) is a summary only. For more complete information reference should be made to the Civil Service Superannuation Act (the Act).

#### (a) General

The Civil Service Superannuation Board (the Board) and the Civil Service Superannuation Fund (the Fund) were established under the Act in May 1939. The Board is responsible for administering the Act. The Act defines the basis of funding and the operation of the Plan as a defined benefit plan which provides pension benefits to employees of the Government of the Province of Manitoba and its agencies participating in the Plan.

#### (b) Funding

The Act requires that employees contribute 5.1% of pensionable earnings up to the Canada Pension Plan's maximum earnings and 7% of pensionable earnings above that maximum each year. In accordance with the Act, 89.8% of the employee contributions are allocated to the Basic Benefits Account and 10.2% are allocated to the Indexing Benefits Account.

Under provisions of the Act non matching employers defer contributing their share of employee pension benefits until they are billed for 50% of the benefit payments processed. Matching employers contribute to both the Basic Benefits Account and the Indexing Benefits Account on a current basis by matching employee contributions.

The Fund's net assets available for benefits is primarily comprised of contributions from employees and matching employers together with investment income. These assets are intended to finance the Fund's portion of the Plan's actuarially determined obligation for pension benefits accruing to employees for service to the date of the statement. The non matching employers' portion of the obligation for pension benefits as shown in Note 4 is unfunded.

One-half of the cost-of-living benefit payments are charged to the Indexing Benefits Account. All other benefit payments are charged against the Basic Benefits Account. The recovery of the non matching

## Notes to the Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 1999

employers' share is credited to the Basic Benefits Account.

The cost-of-living benefit payments are limited to the extent that the amount in the separate Indexing Benefits Account is actuarially able to finance one-half of each increase. Legislation limits the maximum annual adjustment to two-thirds of the increase in Consumer Price Index (Canada) until the Indexing Benefits Account can prefund anticipated adjustments for the next twenty years.

### (c) Pension calculation

The lifetime pension calculation equals:

- (i) 2% of a member's best five year average pensionable earnings multiplied by pensionable service.
- (ii) minus .6% of the average Canada Pension Plan's earnings for the same period multiplied by pensionable service since January 1, 1966.

The lifetime pension is subject to an overall maximum of 70% of the average earnings described in (i) above. Some pensions for members retiring prior to age 60 are subject to an early retirement reduction.

### (d) Excess contributions

On termination, retirement or death, if a member's contributions plus interest (less 10.2% allocated to the Indexing Benefits Account) exceed 50% of the commuted value of the pension for service after December 31, 1984, the excess contributions are payable to the member or the member's estate.

### (e) Retirement

A member with ten or more years of qualifying service is eligible to retire at age 55.

A member with one or more years of qualifying service is eligible to retire at age 65.

All members must commence pension benefits no later than the last day of the calendar year in which the member attains 69 years of age.

Eligible members of the Province of Manitoba's Corrections Component may retire as early as age 50.

**(f) Disability pensions**

A member with ten or more years of qualifying service who is subject to an early retirement reduction is eligible to apply for a disability pension.

**(g) Survivor's benefits**

A survivor's benefit is payable to a spouse or eligible survivor(s) of a member who dies with two or more years of qualifying service.

**(h) Death refunds**

A death refund is payable to the estate of a pensioner or survivor where such pensions have not been paid to the full extent of the individual's contributions plus interest. In a similar manner, a death refund is payable to the estate of a member where no survivor's pension is paid.

**(i) Withdrawal refunds**

Upon application and subject to lock-in provisions, withdrawal refunds are payable when a member ceases to be employed by a participating employer. Members with two or more years of qualifying service may choose to leave their contributions in the Plan as a vested member.

**(j) Income taxes**

The Plan is a Registered Pension Trust as defined in the Income Tax Act and is not subject to income taxes.

**(k) Money Purchase Accounts Plan**

The Board administers and maintains a separate Money Purchase Accounts Plan on a trust basis as provided for in the Act.

**2. Significant Accounting Policies**

The significant accounting policies are summarized below:

**(a) Basis of presentation**

The financial statements are prepared on a going-concern basis as a separate financial reporting entity, in accordance with generally accepted accounting principles. They are prepared to assist participants and others in reviewing the activities for the fiscal year.

## Notes to the Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 1999

### (b) Investments

Investments are recorded at fair value on a trade date basis.

Fair values of investments are determined as follows:

#### Fixed income

- (i) Short term investments are recorded at cost which approximates market value.
- (ii) Bonds and debentures are valued at market by independent sources.
- (iii) National Housing Act (Canada) and other mortgages are valued based upon the present value of future discounted cash flows. Pooled mortgage funds are valued at market by the external manager.

#### Equity

- (i) Publicly traded securities are recorded at year end market prices as listed on the appropriate stock exchange.
- (ii) Real estate investments are reported at the most recent appraisals or external manager's valuations of the underlying properties.
- (iii) Petroleum and natural gas shares are reported based upon the discounted present value of proven petroleum and natural gas reserve information provided by external managers or are reflected at cost until such information is made available.
- (iv) Venture capital investments are reported at values established by the external managers or at cost where no valuation has been prepared.
- (v) The Fund has subsidiaries which are not consolidated but are included in the Summary of Investments, Schedule 1. Included in real estate shares are shares of six subsidiaries whose value in aggregate totals \$47,956,719. Included in petroleum and natural gas shares are shares of one subsidiary valued at \$40,241,624.

### (c) Foreign currency translation

The fair value of investments denominated in foreign currencies is translated into Canadian dollars at the exchange rate in effect at year end and the resulting change is included in the change in fair value of investments. Revenue and expense transactions are translated at the

exchange rates prevailing on the dates of the transactions and are included in investment income at the translated amounts.

#### (d) Provision for pension benefits for Fund employees

The Fund accrues a liability for its employees' pension benefits including future cost-of-living adjustments based on an actuarial report. The report provided a method of estimating the provision each year between triennial valuations to recognize the annual increase in this liability. The experience gain (loss) between triennial valuations is amortized on a straight-line basis over three years.

#### (e) Capital assets

Computer equipment under \$1,000 and all furniture purchases are charged to operations in the year of acquisition. Other computer equipment is amortized as follows:

	Post 1996 Amortization Period	Pre 1997 Amortization Period
Midrange Computer	5 years	6 years
Micro Computers	3 years	6 years

45

### 3. Risk Management

Fair values of investments are exposed to interest rate risk, credit risk and currency risk.

Interest rate risk refers to the impact of interest rate changes on the Fund's cash flows, financial position and income. To limit the exposure to interest rate fluctuation and to obtain the best possible return at acceptable risk, the Board established an investment asset mix policy of 45% fixed income and 55% equity.

The term to maturity and related market values of fixed income investments are as follows:

Term to maturity	1999	1998
(\$) THOUSANDS		
Less than one year	\$ 117,359	\$ 118,052
One to five years	327,546	511,754
Over five years	568,215	499,712
<b>Total fixed income investments</b>	<b>\$1,013,120</b>	<b>\$1,129,518</b>

Credit risk is the risk of loss from the failure of a counter party to discharge their contractual obligations. The Board limits credit risk by



## Notes to the Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 1999

concentrating on high quality securities and adhering to a Statement of Investment Policies and Goals. The Policy establishes investment ownership limits and acceptable credit ratings. For example, 95% of bonds and debentures must be rated single A or higher.

Currency risk relates to the possibility that foreign currency-denominated investments will change in value due to future fluctuations in foreign exchange rates. The Fund does, from time to time, hedge some of this exposure. As at December 31, 1999 external fund managers had entered into forward foreign exchange contracts valued at \$11,729,946 (1998 – \$13,493,125) on behalf of the Fund.

### 4. Obligations for Pension Benefits

#### (a) Obligation for pension benefits

##### (i) Basic Benefits Account

In accordance with the Act, an Actuarial Valuation Report is required every three years. The stated purpose of the actuarial valuation is to:

- determine the financial position of the Fund as at the valuation date,
- determine the adequacy of the contributions being paid in relation to the portion of the benefits financed by the Fund, and
- provide recommendations as to the future course of action based on the financial position revealed.

The triennial Actuarial Valuation Report on the Fund was completed as at December 31, 1998 by Ellement and Ellement, consulting actuaries.

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The actuarial present value of the accrued basic pension benefit obligations, based on service to date, was estimated by the actuary as at December 31, 1999, and the principal components of the changes in actuarial present value during the year were calculated.

(\$) THOUSANDS	Basic Benefits Account			
	Fund	Non Matching Employers	Total	Total
	1999	1999	1999	1998
Actuarial present value of accrued basic pension benefit obligations based on service to date, beginning of year	<b>\$1,329,735</b>	<b>\$1,261,922</b>	<b>\$2,591,657</b>	<b>\$2,418,298</b>
Experience loss/(gain)	(88,888)	(79,189)	(168,077)	22,391
Adjusted beginning of year	1,240,847	1,182,733	2,423,580	2,440,689
Benefits accrued	45,196	43,079	88,275	88,224
Benefits paid	(61,221)	(65,726)	(126,947)	(121,280)
Interest on accrued benefits	86,298	81,999	168,297	177,992
Change in actuarial reserves	13,033	12,423	25,456	6,032
Actuarial present value of accrued basic pension benefit obligations based on service to date, end of year	<b>\$1,324,153</b>	<b>\$1,254,508</b>	<b>\$2,578,661</b>	<b>\$2,591,657</b>

The non matching employers' portion of the pension liability is unfunded. These employers defer contributing their share of employee pension benefits until they are billed for 50% of the benefit payments processed.



The actuarial present value of the accrued basic pension benefit obligations, based on service to date, was estimated by the actuary as at December 31, 1999, and the principal components of the changes in actuarial present value during the year were calculated.

(\$ THOUSANDS)	Basic Benefits Account		Total 1999	Total 1998
	Fund 1999	Non Matching Employers 1999		
Actuarial present value of accrued basic pension benefit obligations based on service to date, beginning of year	\$1,329,735	\$1,261,922	\$2,591,657	\$2,416,298
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Change in actuarial reserves	13,033	12,423	25,456	6,032
Actuarial present value of accrued basic pension benefit obligations based on service to date, end of year	\$1,324,153	\$1,254,508	\$2,578,661	\$2,591,657

The non matching employers' portion of the pension liability is unfunded. These employers defer contributing their share of employee pension benefits until they are billed for 50% of the benefit payments processed.

## Notes to the Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 1999

The Actuarial Valuation Reports and the estimate at December 31, 1999 were based on the same set of assumptions which were chosen for each of the factors that will affect the Fund financially in future years. Each assumption is based on relevant past experience studied over long periods of time to produce more reliable information.

Significant long term actuarial assumptions used in the valuation and methodology provided to determine the present value of obligations for pension benefits were:

### Annual rate of return

(i) inflation component	3.00%
(ii) real rate of return	4.00%
	<u>7.00%</u>

### Annual salary escalation rates

(i) general increases	
a) inflation component	3.00%
b) productivity component	.50%
(ii) service, merit and promotional increases*	

\* the rates used vary by age groupings from a high of 3.0% to a low of 0%.

### (ii) Indexing Benefits Account

The most recent annual Actuarial Valuation Report on the Indexing Benefits Account was prepared by Ellement and Ellement, consulting actuaries, as at December 31, 1998. The actuarial present value of the accrued indexing pension benefit obligations has been estimated by the actuary as at December 31, 1999 as outlined below. The actuarial assumptions used are the same assumptions used for the Basic Benefits Account.

# THE CIVIL SERVICE SUPERANNUATION FUND

(\$ THOUSANDS)	Indexing Benefits Account			
	Fund	Non Matching Employers	Total	Total
	1999	1999	1999	1998
Actuarial present value of accrued indexing pension benefit obligations, beginning of year	\$72,832	\$75,540	\$148,372	\$144,362
Experience loss/(gain)	(1,480)	(6,496)	(7,976)	4,132
Adjusted beginning of year	71,352	69,044	140,396	148,494
Cost-of-living accrual effective July 1	4,560	4,412	8,972	6,018
Benefits paid	(8,269)	(8,002)	(16,271)	(16,830)
Interest on accrued benefits	4,665	4,515	9,180	10,690
Change in actuarial reserves	723	700	1,423	—
Actuarial present value of accrued indexing pension benefit obligations, end of year	\$73,031	\$70,669	\$143,700	\$148,372

## (b) Fund's asset valuation

The actuary adjusts net assets available for benefits to smooth investment gains (losses) over five years and to recognize amounts reserved for future indexing benefits.

The actuarial asset values used in the estimate of the Fund's pension obligations were:

(\$ THOUSANDS)	Basic Benefits	Indexing Benefits	Total	Total
	1999	1999	1999	1998
Net assets available for benefits, Exhibit B	\$1,813,984	\$130,883	\$1,944,867	\$1,828,043
Amount reserved for future indexing benefits	—	(22,095)	(22,095)	(25,119)
Adjustment for the actuarial value of assets	(98,511)	—	(98,511)	(98,511)
Actuarial value of net assets available for benefits	\$1,715,473	\$108,788	\$1,824,261	\$1,704,417

## Notes to the Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 1999

The Actuarial Valuation Reports and the estimate at December 31, 1999 were based on the same set of assumptions which were chosen for each of the factors that will affect the Fund financially in future years. Each assumption is based on relevant past experience studied over long periods of time to produce more reliable information.

Significant long term actuarial assumptions used in the valuation and methodology provided to determine the present value of obligations for pension benefits were:

### Annual rate of return

(i) inflation component	3.00%
(ii) real rate of return	<u>4.00%</u>
	<u>7.00%</u>

### Annual salary escalation rates

(i) general increases	
a) inflation component	3.00%
b) productivity component	.50%
(ii) service, merit and promotional increases*	

\* the rates used vary by age groupings from a high of 3.0% to a low of 0%.

### (ii) Indexing Benefits Account

The most recent annual Actuarial Valuation Report on the Indexing Benefits Account was prepared by Ellement and Ellement, consulting actuaries, as at December 31, 1998. The actuarial present value of the accrued indexing pension benefit obligations has been estimated by the actuary as at December 31, 1999 as outlined below. The actuarial assumptions used are the same assumptions used for the Basic Benefits Account.



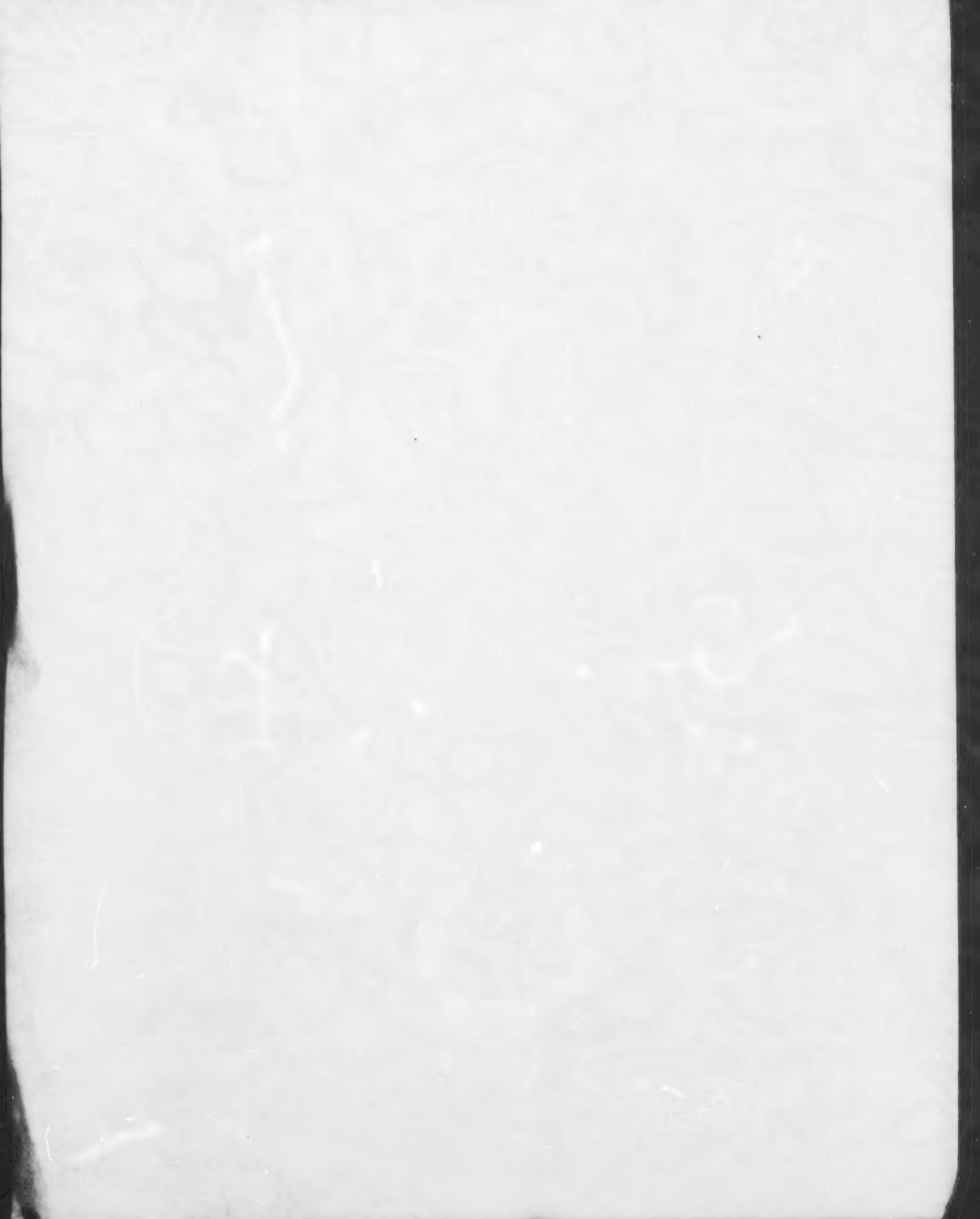
(\$ THOUSANDS)	Indexing Benefits Account			
	Fund	Non Matching Employers	Total	Total
	1999	1999	1999	1998
Actuarial present value of accrued indexing pension benefit obligations, beginning of year	\$72,832	\$75,540	\$148,372	\$144,362
Experience loss/(gain)	(1,480)	(6,496)	(7,976)	4,132
Adjusted beginning of year	71,352	69,044	140,396	148,494
Cost-of-living accrual effective July 1	4,560	4,412	8,972	6,018
Benefits paid	(8,269)	(8,002)	(16,271)	(16,830)
Interest on accrued benefits	4,665	4,515	9,180	10,690
Change in actuarial reserves	723	700	1,423	—
Actuarial present value of accrued indexing pension benefit obligations, end of year	\$73,031	\$70,669	\$143,700	\$148,372

### (b) Fund's asset valuation

The actuary adjusts net assets available for benefits to smooth investment gains (losses) over five years and to recognize amounts reserved for future indexing benefits.

The actuarial asset values used in the estimate of the Fund's pension obligations were:

(\$ THOUSANDS)	Basic Benefits	Indexing Benefits	Total	Total
	1999	1999	1999	1998
Net assets available for benefits, Exhibit B	\$1,813,984	\$130,883	\$1,944,867	\$1,828,043
Amount reserved for future indexing benefits	—	(22,095)	(22,095)	(25,115)
Adjustment for the actuarial value of assets	(98,511)	—	(98,511)	(98,511)
Actuarial value of net assets available for benefits	\$1,715,473	\$108,788	\$1,824,261	\$1,704,417



## Notes to the Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 1999

### 5. Additional Actuarial Information

#### (a) Total actuarial liabilities

The actuary determines the actuarial liability for future service as a component in the actuarial valuation completed for funding purposes. The total actuarial Basic Benefit pension liabilities at December 31, 1999 has been estimated based on service to date and future service as follows:

(\$ THOUSANDS)	Fund	Non Matching Employers	Total	Total
	1999	1999	1999	1998
Service to date, Note 4	\$1,324,153	\$1,254,508	\$2,578,661	\$2,591,657
Future service	77,751	63,141	140,892	180,967
<b>Total actuarial pension liabilities</b>	<b>\$1,401,904</b>	<b>\$1,317,649</b>	<b>\$2,719,553</b>	<b>\$2,772,624</b>

#### (b) Basic benefits (Fund only)

The Fund had an estimated going concern actuarial surplus of \$313,569,000 as at December 31, 1999 (1998 - \$180,752,000) in the Basic Benefits Account, after including pension benefit obligations for service to date and for future service actuarial liabilities.

#### (c) Indexing benefits (Fund only)

The funds available to finance future cost-of-living increases in the Indexing Benefits Account were estimated to be \$35,757,000 as at December 31, 1999 (1998 - \$26,667,000).

### 6. Employer Assets Provided for Pension Obligations

Readers should refer to the latest audited employer financial statements of the Government of the Province of Manitoba and its participating agencies to determine specifics of how each employer funds pension obligations.

### 7. Debt due from the Province of Manitoba

Under Section 24(1) of the Act, the Province of Manitoba assumed an accrued liability of \$1,826,000 for its employees and pensioners as at May 1, 1939. The Province of Manitoba pays semi annual interest at 4% per annum on this amount.

## Notes to the Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 1999

### 5. Additional Actuarial Information

#### (a) Total actuarial liabilities

The actuary determines the actuarial liability for future service as a component in the actuarial valuation completed for funding purposes. The total actuarial Basic Benefit pension liabilities at December 31, 1999 has been estimated based on service to date and future service as follows:

(\$ THOUSANDS)	Fund 1999	Non Matching Employers 1999	Total 1999	Total 1998
Service to date, Note 4	\$1,324,153	\$1,254,508	\$2,578,661	\$2,591,657
Future service	77,751	63,141	140,892	180,967
<b>Total actuarial pension liabilities</b>	<b>\$1,401,904</b>	<b>\$1,317,649</b>	<b>\$2,719,553</b>	<b>\$2,772,624</b>

#### (b) Basic benefits (Fund only)

The Fund had an estimated going concern actuarial surplus of \$313,569,000 as at December 31, 1999 (1998 - \$180,752,000) in the Basic Benefits Account, after including pension benefit obligations for service to date and for future service actuarial liabilities.

#### (c) Indexing benefits (Fund only)

The funds available to finance future cost-of-living increases in the Indexing Benefits Account were estimated to be \$35,757,000 as at December 31, 1999 (1998 - \$26,667,000).

### 6. Employer Assets Provided for Pension Obligations

Readers should refer to the latest audited employer financial statements of the Government of the Province of Manitoba and its participating agencies to determine specifics of how each employer funds pension obligations.

### 7. Debt due from the Province of Manitoba

Under Section 24(1) of the Act, the Province of Manitoba assumed an accrued liability of \$1,826,000 for its employees and pensioners as at May 1, 1939. The Province of Manitoba pays semi annual interest at 4% per annum on this amount.

## **8. Correctional Officers' Trust Account**

Effective November 19, 1996 employees who are members of the Province of Manitoba's Corrections Component are required to contribute an additional 1% of pensionable earnings. These additional contributions, which are credited to this trust account, are intended to fund the additional pension benefits for eligible employees who may retire as early as age 50 with no reduction for early retirement providing age and qualifying service is equal to a total of 75 or greater.

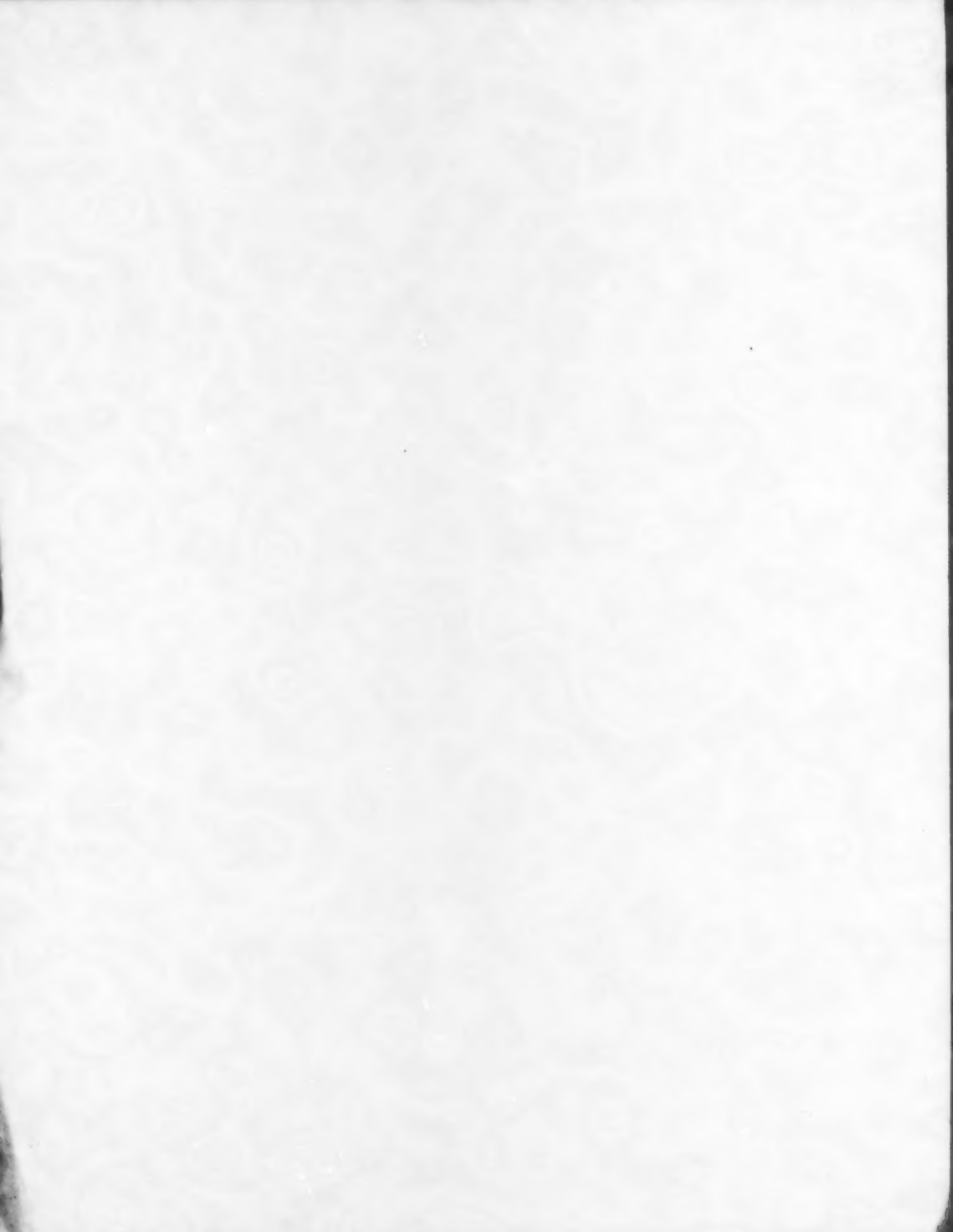
## **9. Employer Trust Accounts**

The Fund is responsible for providing enhanced benefits enacted in the 1992 legislation agreed to by the Employee Liaison Committee and the Employer Pension Advisory Committee. These benefits are 100% financed from the Fund's net assets available for benefits. To facilitate this funding, trust accounts were established for non matching employers participating in the Fund for their share of the actuarial valuation of these future benefit enhancements. Specific contributions from eligible employees are being transferred to the applicable trust account.

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## **10. Money Purchase Accounts Plan**

Effective January 2, 1985 a separate Money Purchase Accounts Plan was established to enhance the portability of pensions. Contributors include employees, recipients of superannuation allowances, annuities or pensions payable under the Act, or persons on whose behalf the Board is required or requested to transfer moneys to this Plan. Refunds are made upon written request by the contributor. Administrative costs are recovered by the Board.



## Notes to the Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 1999

### 11. Administrative Expenses

(\$) THOUSANDS	1999	1998
Salaries and fringe benefits	\$1,814	\$1,738
Professional fees	100	112
Office and administration	679	656
	<b>2,593</b>	<b>2,506</b>
Less: recoveries from other administered funds		
regular administration	(794)	(790)
special projects	(128)	(—)
Fund administrative expenses	<b>1,671</b>	<b>1,716</b>
Less: recoveries from non matching employers	(792)	(814)
Administrative expenses, net	<b>\$879</b>	<b>\$902</b>

### 12. Managed Investment Funds

The Board acts as investment manager for certain funds which are separate and have been excluded from these financial statements.

The fair value of the balances under administration on a trade basis at December 31 are:

(\$) THOUSANDS	1999	1998
The Manitoba Hydro Pension Fund	\$404,123	\$372,098
Joint Board of Trustees of The Municipal Employees Benefits Program	245,013	220,190
The Public Service Group Insurance Fund	<b>89,736</b>	<b>103,667</b>

The Board recovers its administrative costs for this service by charging an investment management fee which is deducted from investment management expenses in Schedule 3.

### 13. Employer Liability Funding

During 1998, Manitoba Lotteries Corporation and Manitoba Crop Insurance Corporation became matching employers and funded, in total, the actuarial present value of all prior accrued basic pension obligations and indexing pension obligations.

## Notes to the Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 1999

### 11. Administrative Expenses

(\$) THOUSANDS	1999	1998
Salaries and fringe benefits	\$1,814	\$1,738
Professional fees	100	112
Office and administration	679	656
	<b>2,593</b>	<b>2,506</b>
Less: recoveries from other administered funds:		
regular administration	(794)	(790)
special projects	(128)	(—)
Fund administrative expenses	<b>1,671</b>	<b>1,716</b>
Less: recoveries from non-matching employers	(792)	(814)
<b>Administrative expenses, net</b>	<b>\$879</b>	<b>\$902</b>

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The fair value of the balances under administration on a trade basis at December 31 are:

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Joint Board of Trustees of The Municipal Employees Benefits Program	245,013	220,190
The Public Service Group Insurance Fund	<b>89,736</b>	<b>103,667</b>

The Board recovers its administrative costs for this service by charging an investment management fee which is deducted from investment management expenses in Schedule 3.

### 13. Employer Liability Funding

During 1998, Manitoba Lotteries Corporation and Manitoba Crop Insurance Corporation became matching employers and funded, in total, the actuarial present value of all prior accrued basic pension obligations and indexing pension obligations.



#### **14. Privatization of the Manitoba Telephone System**

On January 1, 1997, Manitoba Telephone System became a publicly traded corporation named Manitoba Telecom Services Inc. (MTS) and it assumed all responsibility for pension benefit payments for its employees and former employees. The transfer of assets to the new MTS plan was negotiated in the amount of \$423,946,413 and was determined in accordance with the Pension Assets Transfer Regulation, based on the December 31, 1996 actuarial valuation of the Fund. The Board continues to administer, on behalf of MTS, certain investments which were included in the transfer of assets to MTS.

#### **15. Uncertainty Due to the Year 2000 Issue**

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the Year 2000 as 1900 or some other date, resulting in errors when information using Year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the entity, including those related to customers, suppliers, or other third parties, have been fully resolved. The Fund has ongoing initiatives to deal with the Year 2000 Issue.

## **IMPORTANT NOTE CONCERNING THE FOLLOWING PAGES**

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D'OBTENIR LA LECTURE DU TEXTE INTÉGRAL**

# SCHEDULE 1

## THE CIVIL SERVICE SUPERANNUATION FUND

### Summary of Investments

AS AT DECEMBER 31, 1999

(\$) THOUSANDS

1999

1998

#### Fixed income investments

##### Cash and Short term

Government and corporations

\$103,162

\$84,115

Foreign

—

19,405

##### Bonds and debentures

Government of Canada

378,882

684,427

Province of British Columbia

29,313

—

Province of Manitoba

16,805

18,434

Province of Nova Scotia

7,592

—

Province of Ontario

83,762

43,917

Province of Quebec

27,426

—

Government of Northwest Territories

1,885

2,067

Mortgage-backed securities

66,887

7,257

Corporations

208,774

203,266

Asset-backed securities

31,880

—

Real return

—

580

##### Mortgages

National Housing Act (Canada)

6,360

7,616

Other

14,882

21,773

Pooled funds

1,250

1,139

Index-linked

34,460

35,342

#### Total fixed income investments

1,013,120

1,128,988

#### Equity investments

##### Common stock

Foreign

8,828

8,395

##### Pooled funds

Domestic

386,857

268,104

Foreign

387,434

278,105

##### Real estate

Participating bonds

55,756

50,350

Shares, Note 2(b)(v)

64,871

63,830

Units of pooled real estate

3,437

4,391

Administered for

Manitoba Telecom Services Inc. Note 14

825

941

Petroleum and natural gas shares, Note 2(b)(v)

40,289

32,176

Venture capital

3,822

3,884

#### Total equity investments

952,119

788,386

#### Investments, Exhibit A

\$1,965,239

\$1,917,374

THE CIVIL SERVICE SUPERANNUATION FUND

**Schedule of Contributions**

FOR THE YEAR ENDED DECEMBER 31, 1999

(\$ ) THOUSANDS

	1999			1998
	Employers'	Employees'	Total	Total
<b>Non matching employers</b>				
Province of Manitoba Civil Service	\$45,091	\$26,805	\$71,896	\$72,364
Manitoba Hydro-Electric Board	16,110	10,463	26,573	25,400
Liquor Control Commission	1,786	793	2,579	2,451
Manitoba Public Insurance Corporation	1,582	2,500	4,082	3,774
Addictions Foundation of Manitoba	491	458	949	744
Civil Service Superannuation Board	85	87	172	87
Communities Economic Development Fund	35	40	75	77
<b>Community Colleges</b>				
Assiniboine Community College	7	496	503	477
Keewatin Community College	10	460	470	447
Red River College	28	1,810	1,838	1,825
Manitoba Agricultural Credit Corporation	168	125	293	263
Manitoba Centennial Centre Corporation	155	95	250	242
Manitoba Horse Racing Commission	3	12	15	15
<b>Regional Health Authorities</b>				
Brandon	—	488	488	—
Burntwood	—	68	68	—
Central	1	175	176	—
Interlake	—	195	195	—
Marquette	—	109	109	—
Norman	—	74	74	—
North Eastman	16	72	88	—
Parkland	—	245	245	—
South Eastman	1	77	78	—
South Westman	—	107	107	—
Winnipeg	3	554	557	—
Teachers' Retirement Allowances Fund Board	63	55	118	102
The Council for Post Secondary Education	29	33	62	55
The Legal Aid Services Society of Manitoba	25	321	346	338
Workers Compensation Board	38	—	38	40
<b>Total non matching employers</b>	<b>65,727</b>	<b>46,717</b>	<b>112,444</b>	<b>109,001</b>

..... 55

# SCHEDULE 1

## THE CIVIL SERVICE SUPERANNUATION FUND

### Summary of Investments

AS AT DECEMBER 31, 1999

(\$) THOUSANDS	1999	1998
<b>Fixed income investments</b>		
Cash and Short term		
Government and corporations	\$103,162	\$84,115
Foreign	—	19,405
Bonds and debentures		
Government of Canada	378,682	684,427
Province of British Columbia	29,313	—
Province of Manitoba	16,805	18,434
Province of Nova Scotia	7,592	—
Province of Ontario	83,762	43,917
Province of Quebec	27,426	—
Government of Northwest Territories	1,885	2,067
Mortgage-backed securities	66,887	7,257
Corporations	208,774	203,266
Asset-backed securities	31,880	—
Real return	—	560
Mortgages		
National Housing Act (Canada)	6,360	7,816
Other	14,882	21,773
Pooled funds	1,250	1,139
Index-linked	34,460	35,342
<b>Total fixed income investments</b>	<b>1,013,120</b>	<b>1,129,518</b>
<b>Equity investments</b>		
Common stock		
Foreign	8,828	8,395
Pooled funds		
Domestic	386,857	266,104
Foreign	387,434	278,105
Real estate		
Participating trusts	55,756	50,350
Shares, Note 2(b)(v)	64,871	63,830
Units of pooled real estate	3,437	6,391
Administered for		
Manitoba Telecom Services Inc., Note 14	825	941
Petroleum and natural gas shares, Note 2(b)(v)	40,289	32,176
Venture capital	3,822	3,694
<b>Total equity investments</b>	<b>952,119</b>	<b>709,986</b>
<b>Investments, Exhibit A</b>	<b>\$1,965,239</b>	<b>\$1,839,504</b>

## Schedule of Contributions

FOR THE YEAR ENDED DECEMBER 31, 1999

(\$ ) THOUSANDS	1999			1998
	Employers	Employees	Total	Total
<b>Non matching employers</b>				
Province of Manitoba Civil Service	\$45,091	\$26,805	\$71,896	\$72,364
<b>Manitoba Hydro-Electric Board</b>	<b>16,110</b>	<b>10,463</b>	<b>26,573</b>	<b>25,400</b>
Liquor Control Commission	1,786	793	2,579	2,451
<b>Manitoba Public Insurance Corporation</b>	<b>1,582</b>	<b>2,500</b>	<b>4,082</b>	<b>3,774</b>
Addictions Foundation of Manitoba	491	458	949	744
<b>Civil Service Superannuation Board</b>	<b>85</b>	<b>87</b>	<b>172</b>	<b>87</b>
Communities Economic Development Fund	35	40	75	77
<b>Community Colleges</b>				
Assiniboine Community College	7	496	503	477
Keewatin Community College	10	460	470	447
Red River College	28	1,810	1,838	1,925
Manitoba Agricultural Credit Corporation	168	125	293	263
<b>Manitoba Centennial Centre Corporation</b>	<b>155</b>	<b>95</b>	<b>250</b>	<b>242</b>
Manitoba Horse Racing Commission	1	12	15	15
<b>Regional Health Authorities</b>				
Brandon	—	488	488	—
Burntwood	—	68	68	—
Central	1	175	176	—
Interlake	—	195	195	—
Marquette	—	109	109	—
Norman	—	74	74	—
North Eastman	16	72	88	—
Parkland	—	245	245	—
South Eastman	1	77	78	—
South Westman	—	107	107	—
Winnipeg	3	554	557	—
Teachers' Retirement Allowances Fund Board	63	55	118	302
<b>The Council for Post Secondary Education</b>	<b>29</b>	<b>33</b>	<b>62</b>	<b>55</b>
The Legal Aid Services Society of Manitoba	25	321	346	338
<b>Workers Compensation Board</b>	<b>38</b>	<b>—</b>	<b>38</b>	<b>40</b>
<b>Total non matching employers</b>	<b>65,727</b>	<b>46,717</b>	<b>112,444</b>	<b>109,001</b>

## Schedule of Contributions

FOR THE YEAR ENDED DECEMBER 31, 1999

(\$) THOUSANDS

	1999		1998
	Employers'	Employees'	Total
<b>Matching employers</b>			
Crown Corporations Council	20	20	40
Economic Innovation and Technology Council	18	16	34
Gaming Control Commission	43	40	83
Industrial Technology Centre	98	82	179
Manitoba Arts Council	10	10	20
Manitoba Chicken Producer Board	7	7	14
Manitoba Crop Insurance Corporation, Note 13	285	285	570
Manitoba Government Employees' Union	123	123	246
Manitoba Hazardous Waste Management Corporation	3	3	6
Manitoba Housing Authority	397	393	790
Manitoba Lotteries Corporation, Note 13	147	147	294
Manitoba Milk Producers	44	44	88
Manitoba Pork Council	49	49	98
Manitoba Turkey Producers' Marketing Board	4	4	8
Manitoba Water Services Board	1	1	2
National Agri-Food Technology Centre	45	42	87
<b>Total matching employers</b>	<b>1,284</b>	<b>1,266</b>	<b>2,550</b>
<b>Other</b>			
Employees on loan	8	8	16
Reciprocal agreement — transfers in	—	1,722	1,722
Reciprocal agreement — transfers out	(1,108)	(1,108)	(2,216)
Repayment of contributions previous refunded	—	186	186
Contributions based on prior non-pensionable employment	—	433	433
Transfer from Money Purchase Accounts Plan	—	84	84
<b>Total other</b>	<b>(1,100)</b>	<b>1,325</b>	<b>225</b>
<b>Total contributions, Exhibit B</b>	<b>\$85,911</b>	<b>\$49,388</b>	<b>\$135,299</b>

THE CIVIL SERVICE SUPERANNUATION FUND

# Schedule of Investment Income

FOR THE YEAR ENDED DECEMBER 31, 1999

(\$ ) THOUSANDS	1999	1998
<b>Fixed Income</b>		
Short term	\$3,845	\$2,961
Bonds and debentures	64,994	68,266
Mortgages	4,270	6,043
<b>Total fixed income</b>	<b>73,109</b>	<b>77,270</b>
<b>Equity Income</b>		
Common stock	294	240
Pooled funds	12,993	11,359
Real estate	12,008	9,893
Petroleum and natural gas shares	3,469	4,398
Venture capital	159	411
<b>Total equity income</b>	<b>28,923</b>	<b>26,299</b>
Increase in fair value of investments	16,388	12,856
Realized gains on sale of investments	23,922	26,861
<b>Gross investment income</b>	<b>142,342</b>	<b>143,286</b>
<b>Less:</b>		
Investment management expenses, net, Note 12	2,398	1,980
Transfer to correctional officers' trust account	58	50
Transfer to employer trust accounts	2,181	191
Transfer to provision for pension benefits for Fund employees	172	158
	<b>4,809</b>	<b>2,379</b>
<b>Net investment income, Exhibit B</b>	<b>137,533</b>	<b>\$140,907</b>



## Schedule of Contributions

FOR THE YEAR ENDED DECEMBER 31, 1999

(\$) THOUSANDS	1999			1998
	Employers'	Employees	Total	Total
<b>Matching employers</b>				
Crown Corporations Council	20	20	40	40
Economic Innovation and Technology Council	18	16	34	31
Gaming Control Commission	43	40	83	82
Industrial Technology Centre	88	82	170	151
Manitoba Arts Council	10	10	20	20
Manitoba Chicken Producer Board	7	7	14	14
Manitoba Crop Insurance Corporation, Note 13	285	285	570	609
Manitoba Government Employees' Union	123	123	246	324
Manitoba Hazardous Waste Management Corporation	3	3	6	6
Manitoba Housing Authority	397	393	790	778
Manitoba Lotteries Corporation, Note 13	147	147	294	309
Manitoba Milk Producers	44	44	88	70
Manitoba Pork Council	49	49	98	112
Manitoba Turkey Producers' Marketing Board	4	4	8	12
Manitoba Water Services Board	1	1	2	4
National Agri-Food Technology Centre	45	42	87	79
<b>Total matching employers</b>	<b>1,284</b>	<b>1,266</b>	<b>2,550</b>	<b>2,641</b>
<b>Other</b>				
Employees on loan	8	8	16	28
Reciprocal agreement — transfers in	—	1,722	1,722	1,159
Reciprocal agreement — transfers out	(1,108)	(1,108)	(2,216)	(2,856)
Repayment of contributions previous refunded	—	186	186	122
Contributions based on prior non-pensionable employment	—	433	433	669
Transfer from Money Purchase Accounts Plan	—	84	84	44
<b>Total other</b>	<b>(1,100)</b>	<b>1,325</b>	<b>225</b>	<b>(834)</b>
<b>Total contributions, Exhibit B</b>	<b>\$65,911</b>	<b>\$49,308</b>	<b>\$115,219</b>	<b>\$110,808</b>

# SCHEDULE 3

THE CIVIL SERVICE SUPERANNUATION FUND

## Schedule of Investment Income

FOR THE YEAR ENDED DECEMBER 31, 1999

(\$) THOUSANDS	1999	1998
<b>Fixed Income</b>		
Short term	\$3,845	\$2,961
Bonds and debentures	64,994	68,266
Mortgages	4,270	6,043
<b>Total fixed income</b>	<b>73,109</b>	<b>77,270</b>
<b>Equity Income</b>		
Common stock	294	240
Pooled funds	12,993	11,359
Real estate	12,008	9,893
Petroleum and natural gas shares	3,469	4,396
Venture capital	159	411
<b>Total equity income</b>	<b>28,923</b>	<b>26,299</b>
Increase in fair value of investments	16,388	12,856
Realized gains on sale of investments	23,922	26,861
<b>Gross investment income</b>	<b>142,342</b>	<b>143,286</b>
<b>Less:</b>		
Investment management expenses, net, Note 12	2,398	1,980
Transfer to correctional officers' trust account	58	50
Transfer to employer trust accounts	2,181	191
Transfer to provision for pension benefits for fund employees	172	158
	4,809	2,379
<b>Net investment income, Exhibit B</b>	<b>137,533</b>	<b>\$140,907</b>